

Message Text

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C O N F I D E N T I A L HONG KONG 11090

EXDIS

E.O. 11652: XGDS-2

TAGS: BTRA EEWG EGEN PFOR

SUBJ: AMERICAN INTEREST IN TRADE WITH INDOCHINA

REF: HONG KONG 7262; HONG KONG 8244 (NOTAL)

SUMMARY: THE CONGEN HAS COME ACROSS EVIDENCE THAT AT LEAST TWO AMERICAN CHAMBERS OF COMMERCE (AMCHAM) IN EA ARE ACTIVELY CONSIDERING PRESENTING RESOLUTIONS AT THE ASIAN PACIFIC COUNCIL OF AMERICAN CHAMBERS (APCAC) MEETING IN SEOUL DURING NOVEMBER, CALLING FOR USG EFFORTS TO OPEN UP ECONOMIC AND POLITICAL RELATIONS WITH THE DRV. IN CLOSELY RELATED MATTERS, U.S. BUSINESSMAN HAS ASKED US FOR INFORMAL ADVICE ON WHETHER U.S. TREASURY WOULD GRANT LICENSE FOR SALE OF AMERICAN COTTON DIRECTLY TO THE DRV. BECAUSE OF THE OBVIOUS POLITICAL IMPLICATIONS OF THESE TWO DEVELOPMENTS, WE ARE REPORTING THEM WITH REQUEST FOR GUIDANCE BY FRIDAY, SEPTEMBER 26, WHEN CONGEN HAS ITS REGULAR MEETING WITH LOCAL AMCHAM BOARD OF GOVERNORS AT WHICH THESE MATTERS WILL BE DISCUSSED. END SUMMARY

1. THE HONG KONG AMCHAM HAS PREPARED A DRAFT RESOLUTION PROPOSING THE EARLY NORMALIZATION OF COMMERCIAL AND POLITICAL RELATIONS WITH THE DRV AND CAMBODIA. THE AMCHAM IS CONSIDERING THE POSSIBILITY OF PRESENTING ITS DRAFT TO THE APCAC MEETING IN SEOUL, NOVEMBER 7 TO 10.

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IT IS BEING STIRRED IN THIS DIRECTION BY THE JAPAN AMCHAM

WHICH HAS ALREADY APPROVED A SIMILAR RESOLUTION, A COPY OF WHICH HAS BEEN BOOTLEGGED TO US. AMCHAM'S BOARD OF GOVERNORS INTENDS TO RAISE THE WHOLE QUESTION OF OPENING UP TRADE WITH THE DRV AT THE REGULAR MONTHLY MEETING WITH THE CONSUL GENERAL ON FRIDAY, SEPTEMBER 26. IN TYPICAL RESPONSIBLE FASHION AMCHAM HAS KEPT US FULLY INFORMED OF ITS PLANS AND HAS ASKED US TO OFFER OUR VIEWS ON THIS SUBJECT AT THE MEETING ON FRIDAY.

2. SINCE THE WHOLE QUESTION OF OPENING UP TRADE WITH THE DRV IS ON ITS WAY TO BECOMING A HOT ISSUE IN THE VARIOUS APCAC CHAMBERS, AND SINCE WE KNOW THAT OUR REGULAR MEETINGS ARE REPORTED FULLY TO THE MEMBERS' HOME OFFICES, WE WOULD LIKE TO BE AS AUTHORITATIVE AND HELPFUL AS POSSIBLE. HOPEFULLY BY THE RIGHT KIND OF APPROACH WE COULD ALSO HEAD OFF SOME UNWELCOME INITIATIVES. THEREFORE, REQUEST DEPARTMENT'S VIEW AS EARLY AS POSSIBLE PRIOR TO THE SEPTEMBER 26 MEETING. TEXT OF THE HONG KONG AMCHAM DRAFT RESOLUTION FOLLOWS.

3. BEGIN QUOTE: THE ASIA-PACIFIC COUNCIL OF AMERICAN CHAMBERS FEELS THAT A STRONG, INDEPENDENT, AND PEACEFUL ASIA WILL BE BEST ACHIEVED IF THERE IS A DIRECT AND OPEN DIALOGUE, ACCCOMPANIED BY NORMALISED RELATIONS, BETWEEN THE U.S. AND ALL COUNTRIES OF THE REGION. FURTHERMORE, APCAC FEELS THAT COMMERCIAL AND POLITICAL INTERCHANGE WOULD MATERIALLY CONTRIBUTE TO REGIONAL POLITICAL AND ECONOMIC STABILITY. TO THIS END, A BOLD INITIATIVE IS REQUIRED BY THE U.S. GOVERNMENT TO ASSURE A SMOOTH AND RAPID DEVELOPMENT OF OUR COUNTRY'S POLITICAL AND COMMERCIAL RELATIONS WITH THE DEMOCRATIC REPUBLIC OF VIETNAM AND THE KHMER REPUBLIC. PARTICULARLY, THE U.S. GOVERNMENT SHOULD IMMEDIATELY PERMIT U.S. TRADE WITH VIETNAM AND THE KHMER REPUBLIC UNDER TERMS AT LEAST AS FAVORABLE AS THOSE GRANTED WITH THE PEOPLE'S REPUBLIC OF CHINA.
END QUOTE.

4. FOLLOWING IS TEXT OF JAPAN AMCHAM'S DRAFT RESOLUTION:
BEGIN QUOTE: TO BOLSTER BOTH THE UNITED STATES IMAGE AND U.S. BUSINESS RELATIONS IN SOUTH EAST ASIA, AND TO CONFIDENTIAL

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CARRY FORWARD THE LONG ESTABLISHED AMERICAN OBJECTIVE OF HELPING CREATE AN ECONOMICALLY VIABLE, INDEPENDENT VIETNAM, APCAC URGES A U.S. GOVERNMENT SUPPORTED, PRIVATE SECTOR ECONOMIC MISSION BE DISPATCHED PROMPTLY TO SAIGON AND HONOI, LED BY A SENIOR AMERICAN BUSINESS FIGURE. PRECEDENT EXISTS IN THE U.S TRADE MISSION TO THE PEOPLE'S REPUBLIC OF CHINA, NOVEMBER 1973, IN SUPPORT OF AN ONGOING ECONOMIC RELATIONSHIP, LEADING TO EVENTUAL ADJUSTMENT IN

DIPLOMATIC TIES. EXPERIENCE SHOWS CLARLY THAT AMERICAN LONG TERM, STABILIZING INTERNATIONAL OBJECTIVES ARE NOT ACHIEVED THROUGH BOYCOTT AND THE ENDING OF ALL DIALOGUE. THEREFORE WE URGE A UNITED STATES INTITIATIVE TO RE-OPEN THE ECONOMIC REALTIONSHIP WITH VIETNAM. END QUOTE

5. IN ANOTHER CLOSELY RELATED MATTER, THECONGEN WAS APPROACHED BY LOUIS SAUBOLLE, VICE PRESIDENT AND FAR EAST REPRESENTIATIVE OF THE BANK OF AMERICA, AWITH AN INQUIRY CONCERNING THE FEASIBILITY OF SELLING AMERICAN COTTON DIRECTLY TO THE NORTH VIETNAMESE. DEPARTMENT WILL RECALL THAT SAUBOLLE WAS THE FIRST AMERICAN BUSINESS-MAN TO BE INVITED TO HANOI FOLLOWING THE DRV TAKEOVER OF THE SOUTH (HONG ONG 8244). ACCORDING TO SAUBOLLE, NORTH VIETNAMESE OFFICIALS CANDIDLY ADMITTED THAT THEY WERE CURRENTLY IMPORTING U.S. COTTON THROUGH UNNAMED JAPANESE TRADING FIRM, BUT WOULD PREFER TO PURCHASE DIRECTLY FROM THE U.S SUPPLIERS. QUANTITIES OF U.S. COTTON ALREADY PURCHASED OR PLANNED TO BE PURCHASED WERE NOT REPORTED BY SAUBOLLE, BUT ARE BELIEVED TO BE MODEST AMOUNTS.

6. OBVIOUSLY SAUBOLLE IS INTERESTED IN SHOWING HANOI THAT HIS VISIT HAS PAID OFF IF USG WERE TO RELAX CONTROLS EVEN IN THIS MODEST WAY. IT WOULD ALSO BE INTERPRETED BY THE DRV AND EVERYONE ELSE AS A POLITCIAL SIGNAL AS WELL.

7. WHILE WE WOULD LIKE DEPARTMENT'S REPLY TO SAUBOLLE'S INQUIRY FOR PRIVATE DISCUSSIONS WITH HIM, THIS MATTER WILL NOT COME UP AT OUR FRIDAY MEETING.
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